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## FISCAL IMPACT REPORT

<b>SPONSOR</b>	House Appropriation and Finance Committee	<b>LAST UPDATED</b>	
		<b>ORIGINAL DATE</b>	3/5/2025
<b>SHORT TITLE</b>	Wildfire Suppression & Preparedness Funds	<b>BILL NUMBER</b>	CS/House Bill 191/HAFCS
		<b>ANALYST</b>	Davidson

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EMNRD	No fiscal impact	\$111.2 to \$222.4	\$111.2 to \$222.4	\$222.4 to \$444.8	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

Is a companion to the General Appropriation Act.

### Sources of Information

LFC Files

#### Agency Analysis Received From

Energy, Minerals, and Natural Resources (EMNRD)

#### Agency Analysis was Solicited but Not Received From

Department of Finance Administration (DFA)

## SUMMARY

### Synopsis of HAFCS Substitute for House Bill 191

The House Appropriations and Finance Committee substitute for House Bill 191 (HB191) creates two wildfire-related permanent funds administered by the Energy, Minerals and Natural Resources Department (EMNRD): the post wildfire fund and the wildfire suppression fund.

The post wildfire fund will act as additional support for State Forestry Division’s (SFD) duties by supplementing wildfire preparations, including pre-positioning of resources and forest thinning work, for which the Legislature provides recurring funding for through the SFD budget. Further, the post wildfire fund will act as a repository for reimbursements, appropriations, gifts, and revenue for preparedness work. The wildfire suppression fund will provide support for costs associated with actively fighting wildfires, including vehicle rental and repair and paying contract wildland fire fighters.

The bills definitions for the funds align with current federal reimbursement practices and provide SFD with the flexibility to fund the variety of services related to either post wildfire operations or wildfire suppression operations.

HB191 requires EMNRD to report to the Legislature annually on August 15 on the balances, reimbursements, prior-year annual expenditures, and recommended appropriations for both funds, in addition to the anticipated wildfire conditions for the next year.

The Legislative Finance Committee (LFC) recommendation for the General Appropriation Act includes \$12 million for the post wildfire fund from the general fund. Funding for the wildfire suppression fund will come from wildfire suppression reimbursements from entities such as tribal and local governments and cities and counties and from appropriations from the general fund or the appropriations contingency fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## **FISCAL IMPLICATIONS**

The appropriation of \$12 million related to this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall not revert to the general fund.

HB191 is a companion to an appropriation in the General Appropriation Act, the bill itself does not have a major fiscal impact. The bill creates two new funds, but fund monitoring and reporting are a part of normal staff duties for executive agency staff. Fund monitoring could increase the workload for staff. Implementation of HB191's reporting mechanisms could require EMNRD to increase its staff by one to two personnel.

## **SIGNIFICANT ISSUES**

Expanded funding for wildfire suppression and post wildfire work, beyond the current recurring funds existing in SFD's budget, will enable for swifter response to wildfires like the Salt and South Fork fires and enhance preparation for high fire risk areas like large parts of northern and southern New Mexico.

Research done by Pew Charitable Trusts on state wildfire spending highlights several recommendations for states with high wildfire risk to enact:

States should evaluate and strengthen current budgeting practices to account for growing risk. By comparing actual spending versus expected spending, assessing the threat of future fires, and implementing other tools, states can more accurately understand how much to budget for wildfire management, including mitigation.

Pew also recommends that better tracking of spending on wildfire, specifically making spending data more "accessible, transparent, and comprehensive," would give policymakers and fellow shareholders better information to more effectively allocate resources.

HB191, endorsed by LFC, enables better tracking of spending on wildfires by requiring EMNRD to report on the usage, reimbursement, and balance of both funds. The reporting will give the state a more accurate picture of how to budget for wildfire suppression, mitigation, and the post wildfire work, such as slope stabilization and erosion control.

Analysis from EMNRD expresses concerns about HB191 and its creation of two separate funds instead of one fund to supplement wildfire suppression and post wildfire costs. Specifically, EMNRD analysis believes HB191 would have “significant impacts on wildfire operations,” pointing to the bill creating additional administrative work to fund operations from either one of the funds and the reporting requirements the bill would require. Conversations with SFD worked to incorporate definitions within both funds, which would alleviate these issues and provide for necessary flexibility and discretion.

EMNRD also notes the tracking of expenditures from both funds has the potential to double the work of tracking while the agency is focusing on wildfire response.

EMNRD analysis further notes wildfire operations are spread across the state to respond to unique situations due to the geographic disparity between the northern and southern parts of the state, and how wildfires and flooding can differently affect both:

It is not uncommon for southern New Mexico to have a high level of wildfire activity in dry fuels while northern New Mexico is flooded with melting snow. If HB191 is enacted and two funds are established, FD’s administrative staff will be operating out of both funds at the same time.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The House version of the General Appropriation Act contains \$12 million related to post-fire work.

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